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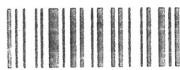
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NOTES:

BY: Angela JOSEPH

Date: 12-17-14

/s/ JES

Project Proofing



BY: Angela JOSEPH

Date: 12-17-14

/s/ JES

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Stage 1

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INDEX OTHER ORDER NO. 94

Draft Regulations
Orphan Wells

1. ----- Emails re: IOGCC Annual Survey 2006 and draft legislation
2. August 6, 2007 Orphaned Wells Legislation Outline

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ORPHANED WELLS LEGISLATION OUTLINE

[[Benefits for AOGCC:

- make explicit AOGCC's authority to undertake action to close and remediate/reclaim orphaned wells;
- provide, within constitutional constraints, a predictable funding base for AOGCC to make sure that orphaned wells are expeditiously and properly closed and remediated/reclaimed. This is especially important given that AOGCC's experience with the GRI wells shows that the current \$100,000/\$200,000 bonding limit is inadequate; and
- eliminate the time-consuming administrative burdens relating to bonding, such as resolving disputes with bonding companies, coordinating with banks when operators post cash bonds, and dealing with the inadvertent release of bonds, and also eliminate the need to resolve issues such as: what is an authorized signature; what does it mean to be authorized to do business in Alaska; what bonding companies are authorized to do business in Alaska; and how to keep track of operators that change their names, merge, or are acquired.

Benefits for industry:

- eliminate all AOGCC bonding requirements, thereby eliminating the need for operators to obtain bonds, pay bond premiums, keep track of bonds, deal with the inadvertent release of bonds.]]

A. Findings and declaration.

- Orphaned wells pose a serious threat to public health, safety, and welfare, including the environment.
- Bonds obtained to close and remediate/reclaim wells may not be adequate.
- A predictable funding base for closure and remediation/reclamation activities is needed.
- To the extent possible, responsible persons should be identify and made to reimburse the state for the costs of closing and remediating/reclaiming orphaned wells.
- The state should apply for technical and financial assistance to close and remediate/reclaim wells under the Energy Policy Act of 2005, 42 U.S.C. § 15907(g).

B. Responsibility for orphaned wells.

- AOGCC shall close and remediate/reclaim orphaned wells. AOGCC shall do so based on a ranking of orphaned wells taking into account such priorities as (1) ensuring a greater ultimate recover of oil and gas and (2) preventing and mitigating (a) harm to public health and safety, including the environment, (b) waste of oil and gas resources, and (c) harm to the correlative rights of persons owning interests in affected tracts of land.
- Where operators and working interest owners of oil or gas wells fail timely and properly to close and remediate/reclaim wells, they are jointly and severally liable to the

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state for the repayment of all moneys expended by the state in performing any reasonable closure and remediation/reclamation activities.

-- [[AOGCC shall endeavor to identify those operators and working interest owners responsible for any orphaned wells.]] With respect to any orphaned wells for which any persons are learned to be responsible, AOGCC shall bring suit in the superior court for the [third?] judicial district to enjoin them to close and remediate/reclaim the wells or for full reimbursement of any amounts expended by AOGCC in closing and remediating/reclaiming the wells. [[LIENS AGAINST PROPERTY AS SECURITY FOR STATE EXPENDITURES – MODEL AFTER AS 46.08.075.]]

-- Nothing in this legislation shall be construed to relieve any operator or working interest owner in an orphaned well of any liability to third parties for damages incurred because of the failure to timely and properly close and remediate/reclaim any well.

C. Orphaned wells fund established.

-- Within the general fund, a special fund, the orphaned wells fund (“OWF”), is created. \$10 million shall be deposited in the OWF.

-- OWF moneys shall be used for actual expenses incurred under E.

-- Nothing in the orphaned wells legislation exempts money deposited into the OWF from the requirements of AS 37.07 (Executive Budget Act) or dedicates that money for a specific purpose.

D. Financing orphaned wells fund.

-- Annually, each operator of oil and gas wells in the state shall pay, for each of its wells in production, [[an orphaned well fee based on the following formula: (\$10 million minus the amount in the OWF at the end of the previous fiscal year) divided by the total number of oil and gas wells in production in the state.]] OR [[an orphaned well fee of \$X, but no fee must be paid if, at the time the fee is due, the balance of the OWF exceeds \$10 million.]]

-- Any operator owing all or any portion of an orphan well fee shall not be issued a permit under AS 31.05.090 and shall be subject to suit in the superior court for the third judicial district for full payment of the fee.

E. Use of the fund.

-- Money in the OWF may be spent only if appropriated by the legislature.

-- On an annual basis, the legislature may appropriate amounts from the OWF to the AOGCC to the extent the available bonds and securities filed under 20 AAC 25.022 are insufficient for the closure and remediation/reclamation of orphaned wells.

[[--MECHANISM FOR AOGCC TO REQUEST APPROPRIATIONS/ACCESS OWF MONEYS WITHOUT VIOLATING THE ANTI-DEDICATION PROVISION – *SEE SONNEMAN V. HICKEL*, 836 P.2D 936, 940 (ALASKA 1992). MODEL AFTER AS 46.08.040 AND AS 46.08.045.]]

F. Records of the fund.

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-- AOGCC shall maintain accounting records showing the income and expenses of the OWF.

-- [[A department appropriated or allocated money from the OWF, directly or through a reimbursable service agreement with – NEEDED TO AVOID ANTI-DEDICATION PROBLEM?]] AOGCC shall develop procedures governing the expenditure of, and accounting for, money it expends from the OWF. [[AOGCC may not reimburse or pay money to another state agency for the agency's activities under _____ unless the state agency provides AOGCC the information necessary to complete the report required by _____.

G. Report to legislature

-- Model after AS 46.08.060.

-- AOGCC shall annually report to the legislature: [[(1) AOGCC's efforts to identify orphaned wells;?]] (2) the number of orphaned wells; (3) the status of each orphaned well; (4) expenses incurred and anticipated to be incurred in connection with closing and remediating/reclaiming each orphaned well; and (5) the status of efforts to [[identify and?]] recover expenses from those persons responsible for orphaned wells.?]]

[[H. Termination of fund. – NECESSARY?

-- OWF shall terminate when all oil and gas wells in the state have been properly closed and/or remediated.]]

I. Federal Assistance.

-- The AOGCC may adopt regulations and undertake other actions that may be needed to qualify and apply for federal technical and financial assistance under the Energy Policy Act of 2005, 42 U.S.C. § 15907(g).

J. Regulations

-- AOGCC may adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to administer this section.

K. No liability of state or AOGCC.

-- Nothing in this legislation shall establish any liability on the part of the state or AOGCC to any person or third-party for any damages arising from the failure of any well to be timely or properly closed and remediated/reclaimed. Nor shall moneys in the OWF be used to make any payments for such damages.

L. Definitions

-- Orphaned wells are defined as abandoned and idled wells that have not been closed in accordance with AOGCC or any federal regulations and with respect to which no person has agreed to take financial responsibility for all required closure and remediation/reclamation activities.

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-- Idled wells are wells defined as “idled wells” under 42 U.S.C. § 15907(e) (*i.e.*, wells that have not been operational for at least seven years and with respect to which there is no anticipated beneficial use).

-- (No statutory definitions for the terms “abandoned,” “closure,” “remediation,” and “reclamation” are proposed. Any needed definitions could be adopted by regulation.)

M. Repeal of AS 31.05.030(d)(4).

QUESTIONS/ISSUES:

1. What, if any, difference is there between remediation and reclamation?
2. Can the OWF, which is within the general fund, be placed in an interest bearing account?
3. How should AOGCC request appropriations/access OWF moneys without violating the anti-dedication provision – *see Sonneman v. Hickel*, 836 P.2d 936, 940 (Alaska 1992). Is the Release Prevention and Response Fund, AS 46.08.005 – AS 46.08.080, a solid model?

Norman, John K (DOA)

From: Clark, Christopher G (GOV) [christopher.clark@alaska.gov]
Sent: Monday, July 02, 2007 6:59 PM
To: Norman, John K (DOA)
Subject: RE: [Fwd: RE: [Fwd: RE: IOGCC Annual Survey 2006]]

*ORphaned well
Fwd*

Thank you, John!

As soon as the Governor dispatches a slew of legislation tomorrow, Tuesday, I'll run this by Legislative Director John Bitney and try to get back to you as soon as possible.

Thanks, also, for the clarity and brevity of your message.

Very much appreciated,

Chris, 465-3994

From: John Norman [mailto:John_Norman@admin.state.ak.us]
Sent: Monday, July 02, 2007 5:22 PM
To: Clark, Christopher G (GOV)
Cc: Foerster, Catherine P (DOA); Dan T Seamount
Subject: [Fwd: RE: [Fwd: RE: IOGCC Annual Survey 2006]]

Chris-Law asked that this be sent to you as a request for permission for them to assist to draft orphaned wells legislation. Several other states have adopted similar legislation and we would like to study the idea in the form of a draft bill.

Orphaned wells are those that have been abandoned by the operator who drilled the well. Sometimes this results from bankruptcy of the company or the company having gone out of existence without adequate bonding available to use to stabilize the well. We have some wells now that are leaking fluids to the surface as result of faulty abandonment and cementing practices carried out years ago.

Below is the information I sent Law on this subject. If you need more details let me know.

I should emphasize this is not a request to the administration to support any legislation---that may or may not come in the future. At this time, all we need is some assistance from Law to get concept and words on paper so we can evaluate whether this is worth pursuing further.

Thanks,

John

----- Original Message -----

Subject: RE: [Fwd: RE: IOGCC Annual Survey 2006]
Date: Mon, 02 Jul 2007 16:42:44 -0800
From: Birnbaum, Alan J (LAW) <alan.birnbaum@alaska.gov>
To: John Norman <john_norman@admin.state.ak.us>

John,

I spoke with Deborah Behr about opening a file for the orphaned wells legislation drafting project. She asked me to ask you to send an email to Christopher Clark (465-3994) (in the Governor's Office) requesting permission for DOL to undertake this project. Mr. Clark will then contact Deborah authorizing us to proceed. Thanks. Alan (269-5263)

From: John Norman [mailto:John_Norman@admin.state.ak.us]

Sent: Friday, June 22, 2007 1:23 PM

To: Alan Birnbaum

Cc: Arthur C Saltmarsh; Cathy; Dan T Seamount; Jody J Colombie; Stephen F Davies; Tracie Paladijczuk

Subject: Re: [Fwd: RE: IOGCC Annual Survey 2006]

Alan- please draft legislation for next session amending AS 31 to address orphaned, abandoned or idled wells in the State of Alaska.

Intent is to have statutory language that conforms to Sec. 349 of the Energy Policy Act of 2005, 42 USC 15907, so we can qualify for Federal grants under 349 (g)(1) of the act.

This draft legislation should establish a means of identifying and ranking orphaned, abandoned, or idle wells for priority in remediation, reclamation and closure, based on public health and safety, potential environmental harm, prevention of waste and other relevant factors; and should define "orphaned, abandoned, or idle" consistent with Federal law.

The draft should also propose an Oil and Gas Well Reclamation Fund similar to what other states have--IOGCC will help us research what is being done by other states. Each operator would pay into the Fund until a specified minimum is reached--\$10,000,000 for example. The Fund would earn interest and once the total is reached no further payments would be required unless the amount in the Fund drops below the statutory minimum.

The idea is to have a source of funds readily available for expenditure by AOGCC to fix unstable wells when there is no owner, operator or surety to accept responsibility. Having such a Fund will eliminate the need for bonding and the administrative burden on staff. It will also ensure we have an adequate money available if we are required to step in and properly P&A a well. Recent experience with the GRI wells showed our current \$100,000/ \$200,000 bonding limit is inadequate to deal with complex P&A challenges.

The funding mechanism can be through an assessment based upon production or number of wells, or it can be funded by an additional amount in our annual budget, paid by industry pursuant to 31.05 093.

We need to start now so that by September we will have a concept to present to industry since they will need to buy into this. This should be attractive to them as it will eventually eliminate all AOGCC bonding. Operators will be able to stop paying bond premiums and it will do away with all of the paperwork and inevitable glitches that result from our present system of bonding under 20AAC 25.025 (unauthorized signatories, bonding companies not authorized to do business in Alaska, disputes with the bonding company, confusion when companies names change or they are merged or acquired, inadvertent release of bonds and the time spent coordinating with banks when operators post cash bonds.

Steve Davies and I can work closely with you on this. As soon as we have a workable draft we can run it by Dan and Cathy. for their approval and then by AOGA as we did last session with our Title 31 amendments.

Let me know if you have any questions.

John

Dan Seamount wrote:

Tracie- lets talk about #1

Steve and Steve- #2 only for wells permanently abandoned- not for sidetracks,

Art- #3,

#4 stupid question, implies incompetence by AOGCC and illegal behavior by operators

#5- not sure we have a formal one- John?

Art, lets talk about #6- obvious one of 2 answers depending on whether you want to include the federal legacy wells (I don't think so)-

#7- John, Steve, & Steve?

thanks

dan

----- Original Message -----

Subject:RE: IOGCC Annual Survey 2006

Date:Wed, 06 Jun 2007 12:53:11 -0500

From:Michael Rodine <michael.rodine@iogcc.state.ok.us>

To:Dan Seamount <dan_seamount@admin.state.ak.us>

Dan,

Yes, thank you we had received your state's 2006 Annual State Survey. However, we also had some additional questions regarding the Orphan Well section of the survey. Listed below are the additional questions regarding Orphan Wells. Let me know if you have any questions.

OFFICIAL ANNUAL STATE SURVEY

Orphan Well Survey: Additional Questions

1. Can your state receive reimbursement to their plugging trust fund from an outside agency (IOGCC), or will the reimbursement go to the general cash fund?
2. How many wells have been plugged since 2000?
3. Confirm: How many Orphan wells does your state have on the plugging list?
4. Confirm: How many, if any, Orphan wells does your state anticipate in the future?

5. Has your state's **prioritization scheme** in place for Orphan wells changed since 2000?
 - a. If so, what is the new scheme?
6. How does your state define an "Orphan Well?"
 - a. Is it defined statutorily?
7. Have there been any statutory updates regarding definitions of wells since 2000?
 - a. **Shut-in:**
 - b. **Orphan:**
 - c. **Abandoned:**
 - d. **Idle:**
 - e. **Temporarily abandoned:**

Thanks for your cooperation.

Mike Rodine
Interstate Oil & Gas Compact Commission
Michael.rodine@iogcc.state.ok.us
405-326-1525

-----Original Message-----

From: Dan Seamount [mailto:dan_seamount@admin.state.ak.us]
Sent: Thursday, May 24, 2007 1:09 PM
To: Michael Rodine
Subject: Re: IOGCC Annual Survey 2006

Mike,

We sent this in last month. Did you get it?

thanks

dan seamount, alaska

Michael Rodine wrote:

The following email is regarding the 2006 Official State Survey for the Interstate Oil & Gas Compact Commission. These surveys were originally due back completed by April 30th, and as of today we have not yet received your respective state's submission of the survey. Please try to get them back by the end of the week so we will have sufficient time to compile all of the data. Listed below is some general information regarding the survey.

The survey will collect oil and natural gas data information about your state. The data collected will be used to compile several national IOGCC studies released to key stakeholders including governors, federal policy makers, media and the general public. In addition, the IOGCC uses this information to ensure we are providing adequate services for your state. Therefore, we encourage you to fill out this questionnaire with the most accurate information possible. Please pay close attention to the units of measurement for each question.

The following survey contains four sections: Production Data, Marginal Well Data, Orphaned and Abandoned Well Data as well as a brief training questionnaire. Each section has specific instructions along with a contact person who can answer any questions you may have. In addition, there is an attachment with additional questions regarding one section of the survey.

Please direct all completed surveys back to myself or Amy Wright. Contact information is listed below.

Thanks again for your cooperation!

Mike Rodine

Interstate Oil and Gas Compact Commission
405-525-3556 X 102
michael.rodine@iogcc.state.ok.us

Amy Wright

Federal Projects Manager
Interstate Oil and Gas Compact Commission
405-525-3556 X 117
amy.wright@iogcc.state.ok.us

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A BILL

FOR AN ACT ENTITLED

“An Act relating to the closure of orphaned wells, including the closure of orphaned wells by the Alaska Oil and Gas Conservation Commission, the establishment, financing, and uses of an orphaned wells fund, an orphaned wells fund surcharge, [[the termination or return of bonds and securities ensuring the closure of orphaned wells,]] reports on orphaned wells and the orphaned wells fund, liability for orphaned wells, legal action relating to orphaned wells, liens for expenses incurred in undertaking the closure of orphaned wells, the liability of the state and state employees for damages arising in connection with orphaned wells and the orphaned wells fund, federal assistance with respect to orphaned wells, the adoption of regulations relating to orphaned wells and the orphaned wells fund, and the establishment of certain definitions relating to orphaned wells; repealing AS 31.05.030(d)(4); and providing for an effective date.”

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 31.05 is amended by adding a new section to read:

Sec. 32.05. __. ORPHANED WELLS CLOSURE

(a) **{FINDINGS/DECLARATIONS}** The legislature finds and declares

- (1) orphaned wells pose a serious threat to public health, safety, and welfare, including the environment;
- (2) the commission should undertake the closure of all orphaned wells;
- (3) orphaned wells may not be covered by bonds, and bonds available to cover the costs of the closure of orphaned wells may not be sufficient;

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(4) a predictable funding base for the closure of orphaned wells is needed and should always be available;

(5) any operators, owners, [[and landowners]] of an oil or gas well in the state should be held jointly and severally liable for the closure of the well or, if the commission undertakes the closure, for the closure costs and any other damages arising in connection with their failure to undertake the closure; and

(6) the state should apply, under the Energy Policy Act of 2005, 42 U.S.C. § 15907(g), for technical and financial assistance for closure activities at orphaned wells.

(b) **{COMMISSION RESPONSIBILITY}** The commission shall undertake the [[identification and]] closure of all orphaned wells in the state. This shall be done in accordance with a ranking of orphaned wells based on such priorities as the need to ensure a greater ultimate recover of oil and gas and prevent and mitigate waste of oil and gas resources, harm to public health and safety, including the environment, and harm to the correlative rights of persons owning interests in tracts of land affected by the orphaned wells.

(c) **{FUND—ESTABLISHMENT}** An orphaned wells fund, called the “orphaned wells fund,” to be administered by the commission, is established in the state general fund.

(d) **{FUND—FINANCING}** The legislature may annually appropriate from the following sources to the orphaned wells fund:

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(1) the annual estimated balance of the account maintained under AS 37.05.142 for deposits into the general fund of the proceeds of the orphaned wells surcharge levied under subsection (e);

(2) a sum equal to the amount deposited in the general fund and credited to a special account, called the “orphaned wells account,” during the calendar year preceding the legislative session in which the appropriation is to be made; the orphaned wells account is comprised of

(A) money for orphan well closure activities from federal and other sources;

(B) money recovered or otherwise received from parties responsible for expenses incurred in connection with subsection (b)[[, but excluding money from performance bonds and other forms of financial responsibility held in escrow pending compliance with any requirements imposed by or in accordance with this chapter—SEE SECTION (h)]];

(C) money recovered from persons liable under subsection (j);

(D) interest earned on the balance of the account maintained under AS 37.05.142 for deposit into the general fund from the proceeds of the surcharge levied under subsection (e); and

(E) interest earned on the balance of the orphaned wells account; and

[[(3) the amount of appropriations made to the orphaned wells fund that lapses into the general fund as determined by the Department of Administration]].

(e) **{FUND—SURCHARGE}** An orphaned wells surcharge shall be levied.

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- (1) Every person that is required to pay an annual regulatory cost charge under AS 31.05.093(a) shall pay the orphaned wells surcharge.
 - (2) The commission shall annually determine the orphaned wells surcharge in the same manner that it annually determines the regulatory cost charges under AS 31.05.093(b).
 - (3) The commission shall determine the orphaned wells surcharge so that the total amount to be collected approximately equals the difference between \$10 million and the unreserved and unobligated balance [[in the orphaned wells fund on the last day of the state’s previous fiscal year]] OR [[that the commission expects to be in the orphaned wells fund on the last day of the state’s fiscal year]]; for purposes of this paragraph, “unreserved and unobligated balance” means the cash balance of the fund less the sum of reserves for outstanding appropriations from the fund, encumbrances of money in the fund, and other liabilities of the fund.
 - (4) The surcharge shall be paid on [[DATE]] OR [[the same day and in the same manner that the regulatory cost charge is paid.]]
 - (5) The commission shall administer the collection of the orphaned wells surcharge.
- (f) **{FUND—USES}** The commission may use money from the orphaned wells fund to hire staff and make purchases, including through contracts to provide services, equipment, or supplies, that may be required to
- (1) [[identify and]] prioritize for closure orphaned wells;

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(2) undertake closure activities at an orphaned well to the extent any available bond or security filed with the commission is not sufficient;

[[(3) identify operators and owners of orphaned wells;]]

(4) prepare for and bring legal action under subsection (k); and

(5) undertake any other activities intended to implement this section.

(g) **{FUND—ANTI-DEDICATION}** Notwithstanding other provisions of this section, money from the orphaned wells fund may [[only be used in annually appropriated by the legislature]] OR [[not be used for a purpose specified in subsection (f) unless the money is available from an appropriation made specifically for that purpose]].

[[(h) **{BONDS}** Upon establishment of the orphaned wells fund, all bonds and other forms of financial responsibility held in escrow by the commission pending satisfactory closure of wells shall be returned to the [[issuers]].]]

(i) **{REPORTING}** The commission shall annually make available a report to the legislature not later than the 10th day following the convening of each first regular session of the legislature. The report must include

(1) the number of orphaned wells;

(2) the ranking, in accordance with subsection (b), of orphaned wells;

(3) a description of the closure activities at each orphaned well during the preceding fiscal year;

(4) the amount and source of money expended by the commission in connection with subsection (b) during the preceding fiscal year;

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(5) the amount and source of money received or recovered by the commission during the preceding fiscal year in connection with this section; and

(6) the projected cost to the commission for the next two fiscal years of activities in connection with this section.

(j) **{LIABILITY}** Any operators, owners, [[and landowners]] of an oil or gas well in the state are jointly and severally liable for the closure of the well. If the commission undertakes the closure of an orphaned well, the operators, owners, [[and landowners]] of the well are jointly and severally liable to the state for all expenses incurred in connection with subsection (b) and any other damages arising in connection with their failure to undertake the closure. [[Nothing in this section relieves a person liable under this subsection (j) for any damages to the state or other parties because of that person's failure to undertake timely all closure activities required in connection with this chapter.]]

(k) **{LEGAL ACTION}** The attorney general shall, at the request of the commission, bring suit in the name and on behalf of the commission in the superior court against any persons liable under subsection (j)

(1) to enjoin such persons to undertake any closure activities required in connection with this chapter;

(2) to recover the expenses incurred in connection with subsection (b); and

(3) for damages[[], including attorney fees,]] to the state arising directly or indirectly in connection with the failure timely to undertake any closure activities required in connection with this chapter.

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(l) {LIENS} The state has a lien for all expenses incurred in connection with subsection

(b) against any property owned by a person liable under subsection (j).

(1) The lien includes interest, at the maximum rate allowable under AS

45.45.010(a), from the date of the expenditures.

(2) The state may file an action in a court of competent jurisdiction to foreclose on the lien.

(3) A lien against real property is not effective until a certificate of lien, describing the property and stating the amount of the lien and name of the liable person, is recorded in the district recorder's office for the district in which the property is located and the commission sends a copy of the certificate of lien by certified mail return receipt requested, or delivers [[by hand]] a copy of the certificate of lien, to the liable person and all other persons of record holding an interest in the property.

(4) When any amount with respect to which a lien has been recorded under this subsection has been paid or reduced, the commission shall, upon request of the property owner, issue a certificate discharging or partially releasing the lien. That certificate may be recorded in the office in which the certificate of lien was recorded.

(5) The commission may, in its discretion, reduce, discharge, or partially release a lien if a bond, or other security, in a form and an amount satisfactory to the commission is posted. The bond or other security must include an amount sufficient to cover the cost of execution, collection, or foreclosure, including

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attorney fees. A reduction, discharge, or partial release may not be granted if it would be contrary to the public interest. When a lien is reduced, discharged, or partially released, the commission shall, at the request of the property owner, issue a certificate to that effect.

(6) A person with an ownership interest in property against which a lien is recorded may bring an action in a court of competent jurisdiction to require that the lien be released. The lien may be released to the extent of that person's ownership interest if the court finds that the person is not liable for the expenses incurred by the commission in connection with subsection (b).

(m) **{LIMITED STATE LIABILITY}** The state and any employees of the state are not liable for any damages arising directly or indirectly in connection with action taken or inaction in connection with this section, unless the action or inaction constitutes gross negligence or intentional misconduct.

(n) **{FEDERAL ASSISTANCE}** The commission may take any action necessary to qualify and apply for federal technical and financial assistance under the Energy Policy Act of 2005, 42 U.S.C. § 15907(g), or any other federal law.

(o) **{REGULATIONS}** The commission may adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to administer this section.

* Sec. __. **{DEFINITIONS}** AS 31.05.170 is amended by adding new subsections to read:

() “closure” means compliance with all state and federal laws for plugging and abandoning oil or gas wells.

**PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION
ATTORNEY WORK PRODUCT
DELIBERATIVE PROCESS PRIVILEGE
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☐ “orphaned well” means a well that

(A) has not undergone closure;

(B) is not being operated [[or is being operated but not in compliance with all requirements imposed in connection with this chapter]]; and

(C) has no operator or owner that is known, able, and willing to undertake closure [[or other action so that the well will be in compliance with all requirements imposed in connection with this chapter]].

[[DO LANDOWNERS HAVE A RESPONSIBILITY TO P&A SUCH WELLS;
IF NOT, SHOULD THEY BE MADE RESPONSIBLE?]]

* Sec. __. **{BONDING AUTHORITY REPEALED}** AS 31.05.030(d)(4) is repealed.

* Sec. __. **{IMMEDIATE EFFECT}** This Act takes effect immediately under AS
01.10.070(c).